

1 Amend 2 Cal. Code Regs. section 18700 as follows:

2 **18700. Basic Rule; Guide to Conflict of Interest Regulations.**

3 (a) No public official at any level of state or local government may make, participate in making
4 or in any way use or attempt to use his/her official position to influence a governmental decision in which
5 he/she knows or has reason to know he/she has a disqualifying conflict of interest. A public official has
6 a conflict of interest if the decision will have a reasonably foreseeable material financial effect on one or
7 more of his/her economic interests, unless that effect is indistinguishable from the effect on the public
8 generally. A conflict of interest is disqualifying if the public official's participation is not legally required.

9 (b) To determine whether a given individual has a disqualifying conflict of interest under the
10 Political Reform Act, proceed with the following analysis:

11 (1) Determine whether the individual is a public official, within the meaning of the Act. (See
12 Government Code section 82048; Cal. Code Regs., tit. 2, § 18701.) If the individual is not a public
13 official, he or she does not have a conflict of interest within the meaning of the Political Reform Act.

14 (2) Determine whether the public official will be making, participating in making, or using or
15 attempting to use his/her official position to influence a government decision. (See Cal. Code Regs., tit.
16 2, § 18702.) If the public official is not making, participating in making, or using or attempting to use
17 his/her official position to influence a government decision, then he or she does not have a conflict of
18 interest within the meaning of the Political Reform Act.

19 (3) Identify the public official's economic interests. (See Cal. Code Regs., tit. 2,
20 § 18703.)

1 (4) For each of the public official's economic interests, determine whether that interest is
2 directly or indirectly involved in the governmental decision which the public official will be making,
3 participating in making, or using or attempting to use his/her official position to influence. (See Cal.
4 Code Regs., tit. 2, § 18704.)

5 (5) Determine the applicable materiality standard for each economic interest, based upon the
6 degree of involvement determined pursuant to California Code of Regulations, title 2, section 18704.
7 (See Cal. Code Regs., tit. 2, § 18705.)

8 (6) Determine whether it is reasonably foreseeable that the governmental decision will have a
9 material financial effect (as defined in California Code of Regulations, title 2, section 18705) on each
10 economic interest identified pursuant to California Code of Regulations, title 2, section 18703. (See
11 Cal. Code Regs., tit. 2, § 18706.) If it is not reasonably foreseeable that there will be a material
12 financial effect on any of the public official's economic interests, he or she does not have a conflict of
13 interest within the meaning of the Political Reform Act.

14 (7) Determine if the reasonably foreseeable financial effect is distinguishable from the effect on
15 the public generally. If the reasonably foreseeable material financial effect on the public official's
16 economic interest is indistinguishable from the effect on the public generally, he or she does not have a
17 conflict of interest within the meaning of the Political Reform Act. If the reasonably foreseeable material
18 financial effect on the public official's economic interest is distinguishable from the effect on the public
19 generally, he or she has a conflict of interest within the meaning of the Political Reform Act. (See Cal.
20 Code Regs., tit. 2, § 18707.)

(8) Determine if the public official's participation is legally required despite the conflict of interest. (See Cal. Code Regs., tit. 2, § 18708.)

NOTE: The Commission's conflict of interest regulations were significantly restructured and renumbered in October 1998 and December 2000. The following table may be used to locate provisions of law in the restructured regulations based upon a citation to the previous section numbering:

Regulation before October 1998 amendments	Regulation after October 1998 and December 2000 amendments
18236	18703.1(d)
18700(a)	18701(a)
18700(a)(1)	18701(a)(1)
18700(a)(2)	18701(a)(2)
18700(b)	18702.1
18700(c)	18702.2
18700(c)(1)	18702.2(a)
18700(c)(2)	18702.2(b)
18700(c)(2)(A)	18702.2(b)(1)
18700(c)(2)(B)	18702.2(b)(2)
18700(d)	18702.4(a)
18700(d)(1)	18702.4(a)(1)
18700(d)(2)	18702.4(a)(2)
18700(d)(3)	18702.4(a)(3)
18700.1	18702.3
18700.1(a)	18702.3(a)
18700.1(b)	18702.4(b)
18700.1(c)	18702.3(b)
18701(a)	18708(a)
18701(b)	18708(b)
18701(c)	18708(c)
18702(a)	none
18702(a)(1)	none

18702(a)(2)	none
18702(a)(2)(A)	none
18702(a)(2)(B)	none
18702(a)(2)(C)	none
18702(a)(2)(D)	none
18702(a)(2)(E)	none
18702(a)(3)	18704
18702(a)(4)	18703
18702(b)	18705(b)
18702(c)	18707(a)(1)
18702(e)	18707(c)
18702.1(a)(1) — source of income	18705.3(a)
18702.1(a)(1) — nexus	18705.3(c)
18702.1(a)(1) — source of gift	18705.4(a)
18702.1(a)(2) — business entities listed on certain exchanges, and in which official has invested \$10,000 or more.	18705.1(b)(2)
18702.1(a)(2) — all other business entities	18705.1(a)(1) and 18705.1(b)(2)
18702.1(a)(3) — generally	18704.2(a)(1)
18702.1(a)(4) (definition)	18705.5
18702.1(a)(4) (materiality)	18705.5
18702.1(b)	18704.1(a)
18702.1(c)	18705(c)
18702.1(c)(1)	18705.5
18702.1(c)(2)	18705(e)(2)
18702.1(d)	18705.3(c)
18702.2	18705.1(c)
18702.3(a)(1)	18704.2(a)
18702.3(a)(2)	18704.2(a)(5)
18702.3(a)(3) and 18702.3(b)	18705.2(b)(1)
18702.3(e)	18704.2(a)(4)
18702.4	18705.2(a)(2) and 18705.2(b)(2)

18702.5	18705.3(b)(2)
18702.6	18705.3(b)(3)
18703 (generally)	18707 and 18707.1
18703(a)	18707.1
18703(b)	18707.2
18703(e)	18707.6
18703.1	18707.3
18703.2	18707.7
18703.3	18707.4
18703.5	18707.5
18704	18703.3(b)
18704.3	18703.3(e)
18705	18702.4(e)
18706	18703.1(e)
18720	18701(b)

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2 NOTE: Authority cited: Section 83112, Government Code.
3 Reference: Sections 87100 and 87103, Government Code.
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